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MT LEGISLATIVE HISTORY

Chapter 134 1981

Bill (H) 256 S _____ Original bill & hist. ___C

H. Committee on Local Government		S. Committee on Local Government	
Hearing Date(s) Jan 29	✓C	Hearing Date(s) Mar 05	✓C
_____	___C	_____	___C
_____	___C	_____	___C
_____	___C	_____	___C
Date Out Jan 29	✓C	Mar 05	✓C

Did this bill originate in an interim committee? ___Yes ___No

Committee _____ Report _____

Local Government COMMITTEE

1981 Legislature

Bill No.	Subject Matter	Date In	Sponsor	Hearing Date	Committee Action	Date Out
HB 229	To remove the liability of taxable property in a county for the payment of principal and interest on rural improvement district bonds issued after June 30, 1981	Jan. 15	Sales	Jan. 29	DO NOT PASS 2/10	2/11
HB 256	Increasing certain limits of discretionary authority of County Officials to act in fiscal matters	Jan. 16	Vinger	Jan. 27	1/27/81 DO PASS	1/27/81
HB 278	To promote energy planning by local governments through grants	Jan. 17	Azzara	2/17	DO PASS AS AMENDED with statement of intent	2/21/81
HB 279	To provide a graduated tax for certain class four property	Jan. 17	Azzara	Taxation Bill		
HB 280	To permit a local governing body to adopt building regulations requiring stricter insulation standards than those of the State Building Code	Jan. 17	Azzara	2/17	DO NOT PASS 12 to 5 vote	2/21/81
HB 295	To clarify the petition requirements for abandoning the commission -manager form of government	Jan. 17	Pistoria	1/31	DO PASS AS AMENDED 2/9	2/11

OPPONENTS to HB 353

There were none.

QUESTIONS:

REPRESENTATIVE HANNAH: Why do we need a petition at all for anyone to file? I feel anyone who wants to represent the people and run for a job should have the freedom to do so.

REP. KEMMIS: I wouldn't have any objection to that. I was trying to keep the law under the same general guidelines that would affect other districts. We do have instances where people have a sudden urge to do something, but the next day they regret it. Having a petition shows that people are fairly serious about running for a job.

CHAIRMAN BERTELSEN said since there are no further questions, the hearing for HB 353 is now closed.

THE CHAIRMAN said we'd now hear HOUSE BILL 256.

HOUSE BILL 256

SPONSOR ORREN VINGER said he is carrying the bill at the request of the Association of Counties. It will increase certain limits of discretionary authority of county officials to act in fiscal matters in order to adjust for inflation. We're raising four different figures in the bill. On line 18, page 1 we're changing from $10,000 to $25,000 on the advertising bids for competitive bids. One line 10, page 2 we're changing the figure from $10,000 to $25,000 for nonadvertised competitive bids. On page 3 we're changing the option where the Commissioners can go to an auction and make a purchase and raising that from $10,000 to $25,000. On line 20 we're changing the figure from $40,000 to $150,000 as far as incurred indebtedness or liability for any single purpose. These are my comments for this time.

PROPONENTS for HB 256

MIKE STEPHEN, Executive Director for the Association of Counties, supports this bill. The current trend is that prices of everything are going up. In the county we're continually confronted with ceilings on one thing or another. We try to be competitive in what we do with regard to making the best deal for the county. This bill gives us a little more flexibility and raises these limits so when we do pursue a purchase we have a little more latitude. If the ceilings are raised, we can go out and buy the necessary equipment and be in a position to pay for it.

DALE SKAALURE, for Choteau County Commissioners, feels this is a fact of life in the world of inflation. An example is that the fuel bill in his county, which is provided by the 12-mill levy, one year was $30,000 plus; the next year it went to $57,000 plus. We bought a three yard loader in 1976 for $72,000. When pricing one last month, the price went to $97,000. That is a good indication of some of the antiquated things in the law that we're supposed to be living by and are restricted to. It seems to me that it is the order of the day that we try and keep up with the times in this money market situation. I also think sometimes a person can do as well with a negotiation approach as a bid approach when buying equipment. It is easier to weed out some of the problems that you can't do with a bid approach. I endorse this particular bill.

REPRESENTATIVE HOLLIDAY: I would like to be shown as a proponent of the bill. I have discussed this with the county commissioners of my district and they told me of the need for this, so I support HB 256.

REPRESENTATIVE HURWITZ: As a county commissioner for 33 years, I thoroughly agree with the testimony we've heard today. These changes are urgently needed. The commissioners need more latitude in order to run the business.

OPPONENTS for HOUSE BILL 256

WILLIAM OLSON, secretary-manager of the Montana Contractors' Association. I'm appearing in opposition to HB 256 on behalf of the membership of our Association which numbers some 65 general contractors and any other subcontractors who work in our associate membership, as well as contractors throughout the State of Montana. I ask that you recommend "DO NOT PASS" on HB 256. (See Mr. Olson's written testimony attached to these minutes).

LARRY HUSS, an attorney representing the Montana Contractor's Association. Contracting business in Montana today is tough enough without having to compete against the government itself. The idea that the government should be in the road and bridge building business is an enactment that could force the free enterprise system out of existence. If you, as farmers and ranchers, were forced to compete against a state subsidized program of growing crops and cattle and selling them to the market, and those in other forms of business had to compete against the government, I am sure you would have a great deal of sympathy with our plight. The counties have gotten into the business of road and bridge building more and more every year. They are spending a horrendous amount of money on equipment and machinery in order to put themselves into this business. We

feel that the State of Montana, like the State of Nebraska, will find that construction by contract in the long run would be of far higher quality than the present system. We hope that HB 256 receives a DO NOT PASS, because of the antiquated amounts you are dealing with here.

ELTON HARTZE: I work for a fence company that sells fence materials, installs chain link and other types of fencing. I feel that the $4,000 figure and the $10,000 figures currently in effect are sufficient. (See testimony attached to minutes)

REPRESENTATIVE GOULD: Mr. Hartze, what fence company do you represent?

MR. HARTZE: Grizzly fence.

CHAIRMAN BERTELSEN asked if there were further opponents to HB 256.

QUESTIONS:

REPRESENTATIVE HOLLIDAY: Mr. Huss, are you aware that in agriculture you are competing with the government and foreign people.

MR. HUSS: You are competing with foreign countries but not with your own.

REPRESENTATIVE HURWITZ: Mr. Huss, what would you do if you were a county commissioner with a yard full of machinery that you use to do your maintenance work. A small project came up and you had a choice of leaving your equipment sitting there doing nothing or contracting with a contractor that didn't exist? That is often the case in the small communities.

MR. HUSS: The problem is that you created this problem for yourself. There are a lot of counties that have innundated themselves with capital outlay that required buying equipment. Now they say we must use it to justify having it. It isn't fair to the contractors to bear the burden of your previous mistake.

REPRESENTATIVE HURWITZ: I disagree with you in that the county is being unfair. In a small county like ours, if you have a bridge wash out 50 miles from town, you are not going to rush out a find a contractor. You are going to take care of it as quick as you can. I feel it is unthinkable that a county in Montana should be without road equipment. You couldn't possibly begin to exist.

MR. HUSS: I don't think this refers to routine repair and maintenance. You are in the construction business in competition with people who are paying your taxes and I think that is unfair.

REPRESENTATIVE NEUMAN: Mr. Huss, you said there are a lot of counties who have gone into the road building business and have used capital expenditures for equipment. I know they spend more because of inflation for new equipment, but I can't think of any county which has done this.

MR. HUSS: Lewis & Clark County is one of these counties which has gone into building roads. They built one from the airport to the roadway that meets with the Canyon Ferry Road. I think they are also involved in a bridge project.

REPRESENTATIVE HANNAH: Mr. Huss, I assume you are talking primarily about page 3, section 4(2) regarding "no county may, etc."

MR. HUSS: That is not our principle concern.

REPRESENTATIVE HANNAH: What is your principle concern?

MR HUSS: OUr concern is of lines 17 and 18 of page 1.

REPRESENTATIVE HANNAH: What you're telling me is that you recognize that the county has legitimate needs for maintenance and legitimate needs for some machinery to do certain things, but when there isn't an emergency and there is time to let a bid, they go out and do the work rather than let it out to a private contractor. Are these the areas you're concerned about?

MR. HUSS: Yes.

REPRESENTATIVE KESSLER: Mr. Huss, where does the distinction come in if counties need this equipment for maintenance.

MR. HUSS: Maintenance equipment and contracting equipment overlap in kind, but what we're seeing is counties buying a full range of construction equipment. I don't mean for maintenance, but for actual construction purposes. There is a distinction between routine maintenance and repair or construction or reconstruction. When you're fixing pot-holes, you're in repair; when you're resurfacing a whole road or rebuilding a road or bridge, you are in construction.

REPRESENTATIVE ANDREASON: Mr. Stephen, in your statement and the fact that you are a proponent of this bill, are you concerned more about the limits in terms of inflationary increase or are you concerned also about the type of thing you are doing. Mr. Huss and others have raised objection to the county doing construction or reconstruction. Are you more interested in maintenance, repair or construction?

MR. STEPHEN: I think a little of both. We're concerned about the limits. Since we can come here every two years, you never know exactly what the price will bring you and we like to have some latitude in what we're dealing with it. I'd like to call on Mr. Skaalure who deals with this in Choteau County on a daily basis.

DALE SKAALURE: I'm a farmer and rancher and actively engaged in paying taxes as well. There are all kinds of situations when you talk about 56 counties in Montana. In our county of Choteau we have 2,910 miles of roads. This past year we finished putting in a secondary blacktop road that was bid out by a construction company. It cost $1,039,000 for 4.3 miles. The $1,039,000 is in excess of our county road budget for 2,910 miles. My primary concern with this bill is to work with a maintenance proposition. We're not interested in getting out and doing some of these things because our equipment isn't that good. If you don't have a loader, and a bridge goes out, you have to take care of it tomorrow, not next week. Another thing we have to recognize in this modern day of living is they jerked the Milwaukee Railroad in Choteau County. What does that do to the people who are farming and hauling grain? That grain is hauled on the road. All we're doing is trying to keep the roads in a condition where they can be used.

REPRESENTATIVE ANDREASON: Would you have any objection if the increase as stated in this bill is limited to maintenance and repair?

MR. SKAALURE: What does maintenance and repair mean? We maintain and upgrade the roads. We find it costs about $2,800 a mile to do that. Basically I'm concerned about the maintenance.

REPRESENTATIVE GOULD for Mike Stephen: What is the reason for raising the figure on fences?

MR. STEPHEN: It just happens to fall into some other groups listed here. It allows you to have some latitude so you can go in with a decent price and handle most of the situations. In connection with larger purchases, I can equate that with an example of cattle guards, which are a big item with counties.

In many instances, if you can pool several counties to buy cattle guards, you can get a much better price than buying them individually.

REPRESENTATIVE GOULD: Why couldn't you bid on them?

MR. STEPHEN: You could.

REPRESENTATIVE PISTORIA: Years ago we had a figure of $4,000.

MR. HUSS: That is correct

REPRESENTATIVE PISTORIA: They raised the figure to $10,000 and now they're raising the figure to $25,000. That is a 250% raise. Don't you think there is a chance they can give a bid to anyone whey want to and show favoritism?

MR. HUSS: There is a danger of this, but I have faith in our elected officials that they won't be involved in that sort of thing.

REPRESENTATIVE SALES: There is nothing in this bill that prohibits a bid contract for any size job or purchase, is there?

MR. HUSS: No, it doesn't prohibit it, but it encourages them not to.

CHAIRMAN BERTELSEN: I think we've covered this bill pretty well. Rep. Vinger, would you like to close.

REPRESENTATIVE VINGER, sponsor of the bill, sympathized with Bill Olson, Larry Huss and Elton Hartze. There is nobody more pro-business than I and I don't want to do anything which would interfere with the free enterprise system. This is a typical bill where you go statewide. There are bigger towns in the western part of the state that have a contractor close by that they can get to do a job. However, those of us in the eastern part of the state don't have these contractors at hand. For $25,000 we can't do any job in eastern Montana because it costs almost that much to get a contractor to the area. That is the reason for some of the limits. Also, it states on page 2 that we're raising the figure from $4,000 to $10,000. All of these people who would like to be solicited for these jobs can leave their name on file with the governing body. The county commissioner's are bound to solicit these people for such bids which are not advertised. Anything on page 1 has to be a competitive bid and advertised. I think the bill gives the county commissioners a little more room to work, especially in the eastern part of the state.

depth and a lot of in depth studying, a lot of compromise and they are in response to a very, very real plight that the cities of this state are experiencing.

REP. GOULD: I certainly disagree with the fairness act of the last speaker. Interim Committee bills don't seem to do too well in the Legislature. For instance, in the last session of the Legislature, the Interim Committee put in 11 bills and 10 of them were killed. I don't think that is any reason we have to pass the Interim Committee bills.

CHAIRMAN BERTELSEN commented he feels we have a balance. Let's vote on the Motion. It's a DO NOT PASS on HOUSE BILL 56.

QUESTION: A roll call vote was taken. 10 committee members voted "yes" and nine voted "no." Members voting no were: Representatives Azzara, Bergene, Dussault, Holliday, Hurwitz, Kessler, McBride, Neuman and Waldron. MOTION CARRIED. HOUSE BILL 56 received a DO NOT PASS committee recommendation.

CHAIRMAN BERTELSEN called for a motion to consider HOUSE BILL 353.

REP. GOULD moved that HOUSE BILL 353 DO PASS.

REP. AZZARA: You heard Mr. Kemmis say he has the same perspective, but the problem is there are other people who are hostile to transportation districts and the whole concept of urban transportation. If we do what you're suggesting, we will open up the whole question again to areas we can be shot down. There is nothing wrong with requiring 25 signatures on a petition.

REP. BERGENE: I was assuming that most of us don't run for an office of any kind unless we feel we have some support. I think that 25 signatures gives you a better feeling about what you are doing.

REP. BERTELSEN said he feels we're ready for question.

QUESTION for a DO PASS on HOUSE BILL 353.

All in favor of HOUSE BILL 353 say "aye." All committee members voted "aye." Motion carried.

CHAIRMAN BERTELSEN opened the Executive Session for action on HOUSE BILL 256.

REP. VINGER moved that House Bill 256 DO PASS.

REP. VINGER asked to speak on HB 256. He said this bill does give the counties the flexibility they need. On page 2 raising the figure from $10,000 to $25,000, the commissioners have to solicit from people who are registered at the courthouse who will offer these services listed in that category. Secondly, the $25,000

figure that I mentioned for eastern Montana counties is low because there is no way they can get a contractor in there for that amount. It costs that much to get them there. If you have to get a contractor for bids over $10,000, sometimes the cost is run up a lot higher to get a contract than if we do the work ourselves. As far as some of the counties getting into the construction business, I don't think it is possible because their limitation of $150,000 on any single purpose means it will have to be taken to the voters and the taxpayers are not going to let them get into the construction business. They'll allow the county to buy a maintainer or a front end loader or something of that nature. I don't think the bill will be a big detriment to any of the contractors.

CHAIRMAN BERTELSEN commented that having been a County Commissioner himself of a small county, he doesn't see any real problem with this piece of legislation. I think there are many times when you feel your hands are tied where you could use your own equipment to operate. Sometimes there might even be an attempt to circumvent this by doing something in part just because you feel the restraints are too burdensome.

REP. PISTORIA: I will have to vote "no" for the simple reason that every session there are 3 or 4 bills introduced for a certain area and they say, "Well, they won't hurt the other area." It really bothers me when they say, "Just for my area" so I vote "no."

CHAIRMAN BERTELSEN: I think we're ready for the question. I think we'll call the roll for the vote.

A roll call vote was as follows: MOTION WAS FOR DO PASS. 15 committee members vote "yes" and 4 voted "no." Committee members voting "No" included Representatives Gould, Hannah, McBride and Pistoria. MOTION CARRIED.

The Meeting adjourned at 2:30 p.m.

VERNER L. BERTELSEN, CHAIRMAN

hbm

NAME Dale L. Swanson BILL No. HB 254

ADDRESS 120 Sunday, Mt. DATE

WHOM DO YOU REPRESENT Custer County Commissioners

SUPPORT X OPPOSE AMEND

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

Septic is a part of life.
And it is still a family unit
[illegible]

FORM CS-34
1-81

WITNESS STATEMENT

Name William Olson Date 1/27/81

Address Helena, Montana Support ?

Representing Montana Contractors Assn. Oppose ? ✓

Which Bill ? HB 276 Amend ?

Comments:

Statement Attached

Please leave prepared statement with the committee secretary.

MONTANA CONTRACTORS
Association, Inc.

William Olson, Sec.-Mgr.
Phone (406) 442-4162

1717 11th Ave., P. O. Box 4519
Helena, Montana 59604

CHAPTER OF THE ASSOCIATED GENERAL CONTRACTORS OF AMERICA, INC.

January 27, 1981

H.B. 256

A study and analysis comparing costs of construction by the contract method with construction by county-owned equipment operation was conducted in Nebraska in 1975. The results show the contract method to be the most efficient and certainly in the best interest of the taxpayer. The loss of revenue from property and fuel taxes normally paid by contractors is in itself refutes the statement that counties doing the work is "in the public interest".

Many local government officials still believe they can do the work cheaper themselves. That's because their accounting procedures usually fail to include the indirect costs of overhead and support costs. Depreciation, replacement cost of equipment are only two of the costs involved which must be considered when making a cost comparison.

We contend that a function of government is to create a good atmosphere for private enterprise so more people can be employed and more taxes collected. The economic impact of counties entry into the construction business is to discourage entry and expansion by private enterprise while wasting taxpayers dollars.

I ask that you recommend "Do Not Pass" on H.B. 256.

Thank you,

William Olson

William Olson
Secretary-Manager

WO/jm

House Local Government Committee Testimony
January 27, 1981
Presented by:
William Olson, Secretary-Manager
Montana Contractors' Association
Helena, Montana

I am appearing here today in opposition to House Bill No. 256 on behalf of members of the Montana Contractors' Association as well as contractors throughout the state of Montana. This bill, which would exempt county construction contracts from competitive bidding if the cost of the work is less than $25,000.00 is not in the best interest of the taxpaying public.

By putting money into the purchase and maintenance of equipment, local governments in Montana are spending millions they don't have to spend at all. Private contractors already have equipment. And they can spread the costs over a lot more jobs than your local government can.

Nevertheless, many local government officials still believe they can do the work cheaper themselves. That's because their accounting methods usually fail to include the indirect costs of overhead and support services.

Often the costs of labor and equipment operation are spread over far more time than they actually work. Or the projects just aren't built to the standards that would be required if the projects were put to contract.

Another hidden cost of government construction is the loss of revenue from property and fuel taxes, license and registration fees normally paid by contractors. Now, all this may not mean too much to you. After all, you're not a contractor. But if we don't get together soon, you may wind up watching <u>your</u> tax dollars being used to undermine <u>your</u> job - just like the folks in construction. Think about it. Vote "Do Not Pass" on H.B. 256.

CONSTRUCTING BY CONTRACT SAVES COUNTY ROAD FUNDS

Impartial, independent studies by the U.S. Corps of Engineers and the Bureau of Public Roads (Federal Highway Administration) of the contract method versus construction using state or county forces show that construction by contract is MORE EFFICIENT and SAVES PUBLIC FUNDS.

The savings in public funds, using the CONTRACT METHOD OF CONSTRUCTION can be SUBSTANTIAL for all construction requiring HIGH INVESTMENT in EQUIPMENT and EQUIPMENT OWNERSHIP COSTS, such as:

MAJOR GRADING CONSTRUCTION
MAJOR BRIDGE CONSTRUCTION
PORTLAND CEMENT CONCRETE PAVEMENT
ASPHALTIC CONCRETE PAVING

For Example:

The Nebraska Chapter, AGC made a Decem 1975 study and analysis of a typical 9.5 mile asp surfacing project involving 42,000 tons of aspha concrete to compare costs of construction by contract method with construction by a cou owned equipment operation.

This study-comparison was made by O. W. Jo son, a highway engineer with 46 years experie with The Nebraska Department of Roads includin years as Assistant Construction Engineer, Constr tion Engineer and Deputy State Engineer Operations.

The study shows typical costs of construct and savings by the contract method of construct as follows:

COST STUDY & COMPARISON

CONSTRUCTION BY CONTRACT & BY COUNTY-OWNED EQUIPMENT

FOR A TYPICAL ASPHALT PAVING PROJECT
9.5 miles in length — 42,000 tons of asphaltic concrete. Project located in Platte Valley — minimum aggregate haul distance.

	CONTRACT CONSTRUCTION	COUNTY-OWNED EQUIPMENT CONSTRUCTION
Asphalt plant size (with support equipment)	300 tons per hour	150 tons per hour
Original Equipment Cost	$1,124,000	$891,000
Production rate	210 tons per hour	105 tons per hour
Total production per year	231,000 tons	42,000 tons
Annual production hours	1,100 hours	400 hours
Project production hours	200 hours	400 hours

UNIT PRICE BREAKDOWN (see explanatory notes on next page)

(A) Bidding, bonding		$ .07 ton	$ .00 ton
(B) Plant site, move-in, set up		.29	.19
(C) Repairs, small tools, barricades, signs, miscellanous materials		.25	.30
(D) Aggregates gravel	$1.96		
fine sand	.18		
min. filler	.86	3.00	3.00
(E) Fuel cost—dry, heat, plant operation, haul & pave		.88	1.04
(F) Total labor, wages, taxes, unemployment taxes		.96	1.56
(G) Equipment ownership costs (sub-total)		1.23	$3.81
Overhead & Profit (8% x $6.68)		(6.68)	
Asphalt Cement (11 gals. per ton @ 30¢)		.53	.00
Total cost per ton		3.30	3.30
		$10.51 for contract construction	$13.20 for county equipment operation

(A) Bidding, Bonding Cost

Cost per ton shown is typical contractor cost for bidding a bonding this size project. (7¢)

The county-owned equipment operation would not involve b ding or bonding costs.

(B) Plant site, Move-in, Set-up

The 29¢ cost per ton for contractor operation reflects typical co of plant site, moving in plant and paving equipment, and setting up asphalt plant.

The county operation would involve shorter moving distances move-in costs with one-third less cost (19¢) per ton.

(C) Repairs, Small Tools, Barricades, Signs, Miscellaneous Materials

The 25¢ cost per ton for the contractor operation is typica costs of repairs, small tools (rakes, shoveis etc.), barricades, signs miscellaneous materials for this size project.

The 30¢ per ton county operation cost is one fifth greater bec of the additional production time.

(D) Aggregates

The $3.00 per ton cost shown for gravel, fine sand and fille based on typical prices for a project located near the Platte River should be the same for either method of construction.

(E) Fuel Cost—Dry & Heat, Plant Operation, Haul, Paving

The 88¢ fuel cost for the 210 ton per hour contract oper includes 50¢ per ton for drying and heating and 38¢ per ton for operation, hauling, paving and compacting.

The $1.04 fuel cost for the county equipment operation inclu 10% increase in the drying and heating cost for lower heating eff cy of the 105 ton per hour plant and a 30% increase in the fuel co the plant operation, hauling, paving and compacting to cove additional plant operation and paving time involved.

(F) Total Labor Costs

The 96¢ labor cost for the 210 ton per hour contract ope covers wages and wage costs for a 22 man crew for 200 hours o and paving operations.

The $1.56 labor cost for the county equipment operation wages and wage costs at 10% lower rates for a 20 man crew (incl flagmen) for 400 hours of plant and paving operations.

(G) Equipment Ownership — Operation Cost

The costs of equipment ownership — operation $1.23 for the contract and $3.81 for the county-owned equipment operations are determined as follows:

Typical Equipment Ownership Costs:

(see explanatory notes below)

		CONTRACT CONSTRUCTION OPERATION	COUNTY-OWNED EQUIPMENT OPERATION
PLANT-EQUIPMENT SIZE		300 ton plant & support equipment	150 ton plant & support equipment
Production:			
	rate per hour	210 tons	105 tons
	annual—total	231,000 tons	42,000 tons
	annual production time	1,100 hours	400 hours
EQUIPMENT ACQUISITION COSTS (G-1)	Plant equipment (including tanks, heater, bag house)	$597,000	$448,000
	Loader & motor grader	140,000	126,000
	Hauling equipment, service trucks, pickups	223,000	153,000
	Paving & compaction equip.	164,000	164,000
	Total equipment cost	$1,124,000	$891,000
COST OF OWNERSHIP ANNUAL FACTORS (G-2)	Depreciation	8%	4%
	Replacement cost escalation	7%	7%
	Interest on investment	6%	6%
	Taxes, insurance, storage	4.3%	1%
	Total annual factor	25.3%	18.0%
EQUIPMENT OWNERSHIP-OPERATION COSTS (G-3)	Annual cost & ownership	$284,000 ($1,124,000 x 25.3%)	$160,000 ($891,000 x 18%)
	Ownership cost per production hour	$258 ($284,000 ÷ 1100 hrs)	$400 ($160,000 ÷ 400 hrs)
	Ownership cost per ton	$1.23 ($258 ÷ 210 tons)	$3.81 ($400 ÷ 105 tons)

EXPLANATORY NOTES ON TYPICAL EQUIPMENT OWNERSHIP COSTS:

G-1 Acquisition cost of equipment

1975 costs were used for all equipment required to handle the materi plant operation, hauling, paving and compacting the plant production rat asphaltic concrete for each operation and meeting the Nebraska State Cl Air requirements.

G-2 Cost of Ownership Annual Factors

The contract operation equipment is depreciated on a 12 year life b — 8% per year.

The county-owned equipment is depreciated on a 24 year life basis — per year — giving credit for the much lower annual production time of hours.

The 7% escalating replacement cost would affect both operat equally.

A factor of 6% interest on the investment in equipment is included in contractor and county operations because the cost of funds tied up in e ment or earned on an invested amount would be equal.

A factor of 4.3% is included in the contract operation to cove contractor's costs for taxes, insurance and storage on equipment.

Since the county pays no taxes and probably self-insures, a factor is included in the county operation for these costs.

G-3 Equipment Ownership — Operation Costs

The total annual ownership factors, determined as explained abov applied to the acquisition cost of the original equipment to determin **annual ownership cost.**

The annual ownership cost, divided by the annual production determines the **ownership cost per production hour.**

The hourly ownership cost, divided by the production rate per determines the **ownership cost per ton,** which for the typical asphalt p project are:

Contract construction operation — $1.23 per ton.
County owned equipment operation — $3.81 per ton

SUMMARY

This cost study of a typical asphalt paving project shows these savi constructing by contract:

Saving per ton of asphaltic concrete — $2.58
Savings for the 42,000 tons — $108,360

Most of the savings result from lower equipment ownership costs — a result of greater annual production and hourly production.

This shows the HIGHER COST and ADVERSE ECONOMICS of owni operating a relatively smaller asphalt plant at a relatively smaller annual proc basis.

The higher costs of — bidding, bonding, plant-site, move-in, set-up a OVERHEAD and PROFIT for the contract construction are more than offse higher fuel, labor and equipment ownership costs for the county-owned equ operation.

NAME Linda Hess BILL No. SB 334

ADDRESS Box 514 DATE 4-21-81

WHOM DO YOU REPRESENT Mont Cont Assoc

SUPPORT _____ OPPOSE X SB 356 AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

FORM CS-34
1-81

CHAIRMAN BERTELSEN closed the hearing on HB 256. Chairman Bertelsen opened the hearing on HOUSE BILL 191 and asked Representative Waldron, sponsor of the bill to open the hearing.

HOUSE BILL 191

REPRESENTATIVE WALDRON opened the hearing. House Bill 191 is a bill that provides going to an all-purpose mill levy for first and second class counties. What is important to remember about this bill is that it is an optional sort of bill. The first and second class counties may or may not decide to go to an all-purpose mill levy. Once they've gone to an all-purpose mill levy (that is 55 mills), they do not have to remain with it. It provides flexibility in raising revenue and expanding revenue that county governments do not currently have. The reason is because the legislature, in its wisdom or lack of wisdom, as the case may be, is providing a number of mill levies to local governments to do certain things. A mill doesn't mean a lot. It means money, of course, for the county, but a county with a lot of bridges may expend all its mill levy for bridges and still have to do more work on those bridges. It doesn't have the flexibility to do that because it is limited to the number of mills it can levy for bridges. There are 57 different mill levies. Currently counties have 55 mills they can use for the general functions of the county government. In a sense we're giving them a 55 mill levy for a general fund but when you add up all the mills they would have had, you would have come with a total of 62.75 mills under this bill. But the bill says we'll give you a total of 55 mills for all these functions.

At this point Rep. Waldron passed out a sheet listing the various mill levy for different purposes, totalling 62.75 mills. He also passed out amendments which will have to be incorporated in the bill and read the list to the committee members.

Rep. Waldron continued: If this bill passes, it is optional on the county government. But if it passes the legislature would still have the responsibility to control the use of property tax as we do now. It would not have to determine the maximum use of that tax, such as we provide one and one-half mills for this or that or the other thing. I have requested that Dave Wanzereid, director of the Department of Community Affairs, be available to answer questions.

REPRESENTATIVE HURWITZ: Rep. Waldron, why didn't you go to Mr. Wanzenreid first to rewrite the bill? It would have been much more simple than trying to amend it.

Rep. Waldron agreed it would have been the wise thing to do. I thought it was in good form until I went to Dave afterwards and by that time it had been introduced and it was too late to introduce another bill that was in the proper and correct form.

HOUSE LOCAL GOVERNMENT COMMITTEE
JANUARY 27, 1981
HB-256

Mr. Chairman, members of the committee:

My name is Elton Hartze. I work for a Fence company which sells fence material and installs chain link and other types offence.

I am here to voice opposition to House Bill 256.

I oppose raising the limit of $4000.00 to $10,000.00 and allowing County officials discretionary authority to award contracts for fence supplies and other purchases without a competitive advertised bid. I feel the $4000.00 limit is more than adequate.

This bill would allow County officials to purchase supplies and materials under $10,000.00 from whoever pleases them personally. Also, purchases from $10,000.00 to $25,000.00 would be non-advertised. This would affect my livlihood by discarding competitive bidding procedures, which is a known fact produces the lowest possible price for the taxpayer. I would estimate that 99% of fence material and construction awards by counties are less than $25,000.00, and I certainly would like to see this committee recommend a do-not-pass.

Thank You

Elton R. Hartz e
164 Briarwood
Helena, Mt. 59601

WITNESS STATEMENT

Name ELTON HARRE Date 1-27-81

Address 64 BRIARWOOD HELENA Support ?

Representing MYSELF Oppose ? X

Which Bill ? HB - 256 Amend ?

Comments:

STATEMENT ATTACHED

Please leave prepared statement with the committee secretary.

January 27, 19 61

MR. SPEAKER

We, your committee on LOCAL GOVERNMENT

having had under consideration HOUSE Bill No. 256

A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING CERTAIN LIMITS OF DISCRETIONARY AUTHORITY OF COUNTY OFFICIALS TO ACT IN FISCAL MATTERS IN ORDER TO ADJUST FOR INFLATION; AMENDING SECTIONS 7-5-2301, 7-5-2302, 7-5-2303, and 7-7-2101, MCA."

Respectfully report as follows: That HOUSE Bill No. 256

DO PASS

Verner L. Bertelsen
Verner L. Bertelsen Chairman.

STATE PUB. CO.
Helena, Mont.

47TH LEGISLATIVE SESSION

COMMITTEE ON LOCAL GOVERNMENT

HOUSE BILL NO.	ENTERED COMM.	DATE CONSIDERED	OUT OF COMM.	DO NOT PASS DATE	DO NOT PASS AS AMEND. DATE	BE CONCURRED IN DATE	BE CONC. IN AS AMENDED DATE	BE NOT CONCURRED IN DATE
202	Returned 03/09/81	03/10/81	03/10/81				03/10/81	
202	Returned 03/14/81	03/24/81	03/24/81				03/24/81	
203	01/28/81	03/03/81	03/03/81			03/03/81		
256	02/04/81	03/05/81	03/05/81			03/05/81		
271	02/03/81	03/05/81	03/07/81				03/07/81	
295	02/18/81	03/10/81	03/27/81					03/27/81
304	02/14/81	03/14/81	03/17/81				03/17/81	
353	02/03/81	03/07/81	03/07/81			03/07/81		
357	02/14/81	03/10/81	03/18/81			03/18/81		
358	02/14/81	03/10/81	03/10/81			03/10/81		
375	02/21/81	03/12/81	03/24/81					03/24/81
390	02/07/81	03/10/81	03/10/81				03/10/81	
393	03/03/81	03/18/81	03/24/81					03/24/81
402	02/09/81	03/10/81	03/10/81					03/10/81
413	02/18/81	03/10/81	03/10/81				03/10/81	
424	02/18/81	03/12/81	03/17/81				03/17/81	

(Use Separate Sheet for Senate, House Bills, and Resolutions)

MINUTES OF THE MEETING
SENATE LOCAL GOVERNMENT COMMITTEE
MARCH 5, 1981

The meeting of the Local Government Committee was called to order by Chairman George McCallum on the above date in Room 405 at 1:15 p.m.

ROLL CALL: Senator Conover was excused due to illness, all other members were present with Senators Thomas and Van Valkenburg coming in late due to other meetings.

CONSIDERATION OF HOUSE BILL NO. 256:

AN ACT INCREASING CERTAIN LIMITS OF DISCRETIONARY AUTHORITY OF COUNTY OFFICIALS TO ACT IN FISCAL MATTERS IN ORDER TO ADJUST FOR INFLATION.

Representative Orren Vinger, District No. 3 in Wolf Point, was the sponsor of the bill. Lines 19 through 21 on page 1 provide that, with regard to competitive, advertised bids, no contract shall be entered into by the county commissioners for building roads, buildings, or bridges in excess of $10,000 or repair or maintenance to existing buildings, roads or bridges in excess of $25,000 without calling for bids. On page 2, line 11 they are changing, with regard to competitive, nonadvertised bids, the minimum from $4,000 to $10,000 and the maximum from $10,000 to $25,000 that they are allowed to purchase vehicles or supplies without advertising for bids. The people have their names listed in the courthouse so they can be contacted. On page 3, line 9, they would like to change $10,000 to $25,000 for the amount the counties are allowed to pay for vehicles or equipment at a public auction. On line 22 on page 3 they are changing $40,000 to $150,000 for the maximum the county may become indebted for a single purpose without going to a vote of the people.

Mike Stephen of the Montana Association of Counties supports the bill. It gives local governments more flexibility and some assistance in trying to continue county operations and make decent purchases.

Rose Leavitt of the League of Women Voters supports the bill for the same reasons Mr. Stephen gave. It gives flexibility to the local governments.

There were no opponents appearing before the committee.

Representative Vinger gave brief closing remarks.

Senator McCallum then called for questions from the committee.

Senator Hammond asked why, on line 18, page 1, $10,000 was marked out and then reinserted.

Representative Vinger said it was originally $10,000. When they introduced it they changed it to $25,000 but received too much opposition from construction so they changed it back to $10,000.

Senator Ochsner thought the $10,000 figure on page 2, line 11, was too high. He was wondering if they would be buying vehicles without bids.

Representative Vinger said they have the list of names at the courthouse so they are obligated to go to those people.

Senator Van Valkenburg asked if there was another bill that deals with leases or if they were covered in this bill.

Mr. Stephen said he doesn't recall one on leases. His interpretation is that this wouldn't cover leases, only purchases.

Senator McCallum said increasing $40,000 to $150,000 on page 3 was a pretty healthy raise.

Representative Vinger said the cost of a cat or a scraper is that much. They can't purchase one for any less. He felt it would be nice to have a higher figure to work under, anything higher than that has to go to a vote.

CONSIDERATION OF HOUSE BILL NO. 271:

AN ACT PERMITTING AN ACTIVE VOLUNTEER FIREFIGHTER WHO IS PERMANENTLY AND TOTALLY DISABLED FROM A DUTY-RELATED INJURY TO RECEIVE A PARTIAL PENSION AT ANY AGE.

Representative Thoft, District No. 92, said this bill makes it possible for volunteer firemen who are totally disabled to receive a partial pension at any age, based on years of service.

Dave Fisher of the Montana Volunteer Firemen's Association and the Montana Fire Chiefs Association supports the bill. Under the present pension law you have to be 55 years of age. A younger fireman could be permanently disabled and unable to collect a pension. They do not feel that is fair.

Art Korn, secretary of the Montana Volunteer Firemen's Association, said they did not add the amendment "FROM A DUTY-RELATED INJURY." That was inserted in the House and they passed it in its present status. The association hopes in two years they can get it amended to "any injury."

Robert Ellis of the Montana Volunteer Firemen's Association supports the bill.

At this point Senator McCallum turned the hearing over to Vice-Chairman O'Hara as Senator McCallum had to go to another meeting.

Senator Van Valkenburg asked what the significance of "public place" was in terms of the building codes. Are building code regulations more stringent with respect to public places.

Mr. Kembel said no, building codes cover all buildings. When the law was passed in 1969, it stipulated the building codes at the state level would only be applied to public places. The problem was what buildings should be classified as public.

Senator Van Valkenburg asked if there was no enforcement of building codes outside of incorporated cities and towns except for public places.

Mr. Kembel said that was correct.

Senator Hammond asked if this was in Turner.

Mr. Kembel said yes, he thought it was.

Debbie Schmidt of the Legislative Council said the building code can apply outside incorporated municipalities if there is a written ordinance applying to a jurisdictional area within the 4.5 mile limit. If a subdivision was partly in the limit, it would cover the entire subdivision. We do need more specific language, there have been a lot of problems with interpreting the definition.

Senator McCallum returned to chair the meeting.

DISPOSITION OF HOUSE BILL NO. 256: Senator Hammond moved the bill be concurred in.

The motion carried unanimously.

DISPOSITION OF HOUSE BILL NO. 271: Senator Thomas moved the bill be concurred in.

Senator Van Valkenburg said he would like to wait on this bill. He has asked Jim Turcotte, PERS, to give the committee a written copy of his testimony (Exhibit A) because he was talking about amending this to provide that if a person had any amount of service in at all, he would be entitled to pension for any duty-related injury, to be consistent with other law enforcement agencies.

Senator O'Hara said someone mentioned they would be back next session to take "duty-related" out.

Senator McCallum agreed to wait for Mr. Turcotte's testimony.

ROLL CALL

LOCAL GOVERNMENT COMMITTEE

47th LEGISLATIVE SESSION - - 1981 Date 3/5/81

NAME	PRESENT	ABSENT	EXCUSED
Senator George McCallum	✓		
Senator Jesse O'Hara	✓		
Senator H. W. Hammond	✓		
Senator J. Donald Ochsner	✓		
Senator Bill Thomas	✓		
Senator Max Conover			✓
Senator Fred Van Valkenburg	✓		

Each day attach to minutes.

COMMITTEE ON LOCAL GOVERNMENT BILL NO. HB256

VISITOR'S REGISTER

NAME	REPRESENTING	Check One	
		Support	Oppose
Rose Leavitt	LWV of Montana		
Mike Stephens	MT Assoc. of Cty	X	

(Please leave prepared statement with Secretary)

NAME: [illegible] DATE: 3/5/81

ADDRESS: 510 Stinson Boulevard

PHONE: 331-1306 442-7821

REPRESENTING WHOM? [illegible]

APPEARING ON WHICH PROPOSAL: HB 256

DO YOU: SUPPORT? X AMEND? _____ OPPOSE? _____

COMMENTS: _____

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

SENATE COMMITTEE ON LOCAL GOVERNMENT

Date 3/5/81 House Bill No. 256 Time 1:15

NAME	YES	NO
Senator George McCallum	✓	
Senator Jesse O'Hara	✓	
Senator H. W. Hammond	✓	
Senator J. Donald Ochsner	✓	
Senator Bill Thomas	✓	
Senator Max Conover	Excused	
Senator Fred Van Valkenburg	✓	

Gail Stockwell
Secretary, Gail Stockwell

George McCallum
Chairman, GEORGE MCCALLUM

Motion: Senator Hammond moved the bill be concurred in.

(include enough information on motion--put with yellow copy of committee report.)

March 5 19 83

MR. PRESIDENT

We, your committee on LOCAL GOVERNMENT

having had under consideration HOUSE Bill No. 256

VINGER (HAMMOND)

Respectfully report as follows: That HOUSE Bill No. 256

BE CONCURRED IN

DO PASS

GEORGE MCCALLUM, Chairman.

STATE PUB. CO.
Helena, Mont.